

18. PROCEDURES FOR INTERNAL USE SOFTWARE

a. Capital Software Project Definition: An internal use software project which meets or exceeds a cost of \$200,000 or an increase in the capacity and/or capability of an existing software (improvement/enhancement) of \$200,000 or more. Internal use software includes software that is purchased commercially off-the-shelf (COTS), internally developed software and contractor developed software. Statement of Federal Accounting Standards (SFFAS) Number 10, Accounting for Internal use Software, is effective October 1, 2000. All costs incurred on software projects prior to the effective date will not be capitalized.

b. Procedure for Asset Capitalization by FINCEN: The policy and responsibilities for the capitalization of the internal use software is contained in the Financial Resource Management Manual (FRMM). Commandant (G-CIS) and software project managers at Headquarters, HQ Units, and MLC commands shall refer to this guidance for reporting responsibilities. All internal use software assets must have a cost of \$200,000 to meet the capitalization threshold. Any asset with a cost less than \$200,000 is expensed as a non-capitalized asset.

- (1) Based on initial input provided by the software project manager for a potential capitalized software project, FINCEN (FR) will review the project and determine if the project meets the capitalization criteria. Per FRMM policy, preliminary design costs (i.e. evaluation and testing of alternatives) and post implementation costs are expensed. Software development and set-up costs including actual coding, documentation, and acceptance/testing/installation/implementation costs are capitalized. Personnel costs of Coast Guard programmer resources of internally developed software during the software development phase shall be capitalized at the prevailing standard personnel cost (SPC) rate and be reported to FINCEN in March and September for ongoing capitalized projects. FINCEN will work with the software project manager to develop these costs on applicable projects.
- (2) If the project should be capitalized, FINCEN (FR) will prepare Part I of a Project Management Data Sheet (PMDS) form for the project based on the information from the Software Project Manager. FINCEN (FR) will establish the project in Oracle Projects. The project number and title will conform to the standards established in Oracle Projects in order to ensure uniqueness. The Software Project Manager shall review the form to ensure its accuracy and inform FINCEN (FR) if there are any errors.
- (3) Upon award of the contract, the servicing organization shall notify FINCEN (FR) via e-mail with the document number of the obligating document, the contract (DTCG/HSCG) number, and changes to the accounting line, if applicable. These changes will be made both to FINCEN systems and to the PMDS form.
- (4) A table has been created linking the Oracle project number to the document number(s) which are provided by software project managers.

All expenditures on those document numbers will be posted automatically to Oracle Projects.

- (5) For capital projects involving multiple sites, all costs will be charged at the project level in Oracle Projects until the project is completed. Breakdown by site will be done at project completion.
- (6) Upon project completion, Part II of the PMDS form shall be completed by the Software Project Manager and forwarded to FINCEN (FR) with a copy to the MLC, if applicable, within 30 days. This form shall identify the additional information required by Oracle. FINCEN shall be notified within 30 days of when the contractor release form is issued.
- (7) Upon notification of project completion, the FINCEN shall create the assets or improvements in Oracle Assets by transferring expenditures from Oracle Projects. Any new purchases/projects meeting the capitalization threshold will be capitalized by the FINCEN and software improvements falling below the capitalization threshold will be expensed.
- (8) Upon asset acceptance and project completion FINCEN (FR) will provide a list of all capital projects in progress to the servicing organization, with a copy to the MLC, if applicable, three times during the fiscal year (31 Dec, 31 Mar, and 31 Jul). This form shall identify the unit cost, receiving OPFAC and date of acceptance. The MLC and the Headquarters Units shall confirm the status of these projects within two weeks.

SECTION II**COMMITMENTS:**

As of September 30, “open” commitments will be **systematically “de-committed” or reversed**. All commitments must be converted to obligations in order to remain valid. It is the unit’s responsibility to contact the appropriate contracting officer to ensure a negotiated contract/agreement is in place (obligated) prior to fiscal year-end.

OBLIGATIONS:

Every effort should be made to post obligations before the last day of September or otherwise noted by FINCEN. Any outstanding invoices should be tracked and submitted to FINCEN as soon as possible, thus clearing outstanding obligations. As for remaining open items, it is the field offices’ responsibility to make contact with vendors or be somewhat confident that invoices will be forthcoming in the following month/s.

- (A) DOC TYPE (11 or 13) **Travel** – deferred travel or travel that crosses fiscal years should be recorded as below:

Example of travel that started in FY03 and ended in FY04

	<u>FY03</u>	<u>FY04</u>
Airfare	\$200	0 (post to fiscal year in which travel began)
Parking	\$20	\$20 (post to fiscal year charges were incurred)
Hotel	\$300	\$100 (post to fiscal year charges were incurred)
Per Diem	\$80	\$80 (post to fiscal year charges were incurred)
Rental Car	\$150	\$90 (post to fiscal year charges were incurred)
Gas	0	\$21 (paid when rental car is turned in)

The following procedures are to be followed for processing travel claims that cross fiscal years: If travel starts in FY03 and crosses over to FY04, submit travel claim using FY04 TONO/Accounting. Actions are taken during processing to account for the fiscal year crossover. When travel starts in FY03, there is NO requirement to obtain a FY04 TONO/Accounting data for travel that crosses fiscal years. If travel starts in FY04, then an FY04 TONO/Accounting data will be required. These procedures apply to all TDY claims submitted via FAX or the US Postal Service.

- (B) DOC TYPE (30) **TRAINING** – A class beginning on September 29th is chargeable to FY03 funds whereas a class starting on October 1st may be charged to FY03 funds if the following conditions are met:
- (a) A valid need for training has been realized
 - (b) The delay between the obligation and the start of the training is not excessive.

If the above conditions “are not met” and the training starts on or after 1 October, FY04 funds should be charged.

- (C) DOC TYPE (32) **PURCHASE CARD** – Purchase card purchases will be charged to the FY on the date that items or services are ordered. If FY03 funds are to be used for Bank Of America purchases, ensure that the order date for items or services takes place prior to 1 October. Purchase card transactions appearing on your PES report that reflect other than the FY of the order date, will require PES correction. FINCEN will only correct purchase card expenditures for purchases ordered prior to 1 October that are recorded to FY04 funds in error. Use PES correction forms to

request transfer of these charges to the prior FY03. A copy of the dated vendor documentation must support this correction form. The documentation must state that the purchase was ordered prior to 1 October 2003. If vendor documentation is not available, the order log, with signed certification stating that the order was placed on or before 30 September 2003, may be used in lieu of vendor documentation.

- (D) DOC TYPE (26 & 38) **BPAS** - *if* your office has BPAs that will expire at the end of the current FY and you plan to obtain supplies or services under these BPAs in the new fiscal year, it is essential to have a new BPA issued with a new FY04 accounting line. Please submit copies ASAP by mail to FINCEN (Attn: Team 4B) or fax to (757) 523-6015. Units will transmit via FPD.
- (E) DOC TYPE (44, 45, 46, 49) **UTILITIES** - utility costs are charged to the fiscal year in which the meter is read or the service period ends. If the meter is read on Oct 1 or later, then FY04 funds will be charged. Likewise, telephone service that ends on or after October 1 will be charged to FY04. In addition, the recurring charge master (RCM) will automatically establish a new FY04 line of accounting based upon the FY03 line of accounting as of 30 September. Units should review their RCM report from the FINCEN Web Site and report any accounting line corrections by September 19th. Corrections can be emailed via the RCM report web site.
- (F) DOC TYPE (23) **PURCHASE ORDERS** – services or supplies ordered or received in FY03 or prior FY for which a confirmation purchase order was not prepared until FY04 are chargeable to the FY in which the services or supplies were ordered. Purchase/delivery orders issued for fixed price service agreements, janitorial service, cable TV and delivery orders placed with OGA/GSA are document type 23 except when the contracting officer requires approval of the invoice before payment. If the contracting officer requires approval of the invoice before payment is made, then use document type 24 with block 21 directing the invoice to the contracting office. Any new purchase orders issued for cable TV must cite a non-standard number in block 4 comprised of 2304 plus the last 9 digits of the account number used by the vendor on their invoice. The standard DTCG/HSCG number with P in the ninth position will be cited in block 3 of the cable purchase order.

SECTION III

INVOICE/VOUCHER PROCESSING:

- (A) Review vendor invoices and encourage vendors to bill separate accounts on separate invoices
- (B) Ensure each invoice is dated for PPA (Prompt Payment Act) calculations
- (C) Return improper invoices to vendor within 7 days
- (D) Ensure vendor invoices are for the same goods or services outlined in the obligation document. Contact vendor and/or contracting if discrepancies occur.
- (E) Certify date and receipt of goods or services promptly.
- (F) Indicate partial or final receipt
- (G) Immediately submit proper invoice through WINS
- (A) Clear any charge disputes promptly
- (B) Remind vendors of Central Contractor Registration requirements
- (C) Ensure freight charges exceeding \$100.00 contain proper documentation
- (D) Invoices citing canceled appropriations for FY98 (8P, 8L, 801, 8E, 82, 8A) must be received at FINCEN to ensure payments can be made by the 25 September 2003 cutoff without losing the funding. Canceled appropriations for FY98 will be purged from CGOF during the FY03 year-end process and FY04 funds must be used to pay the invoices, if not received by the deadline.
- (E) Receipts must be transmitted to the FINCEN by 29 Sept to ensure they are recorded timely.